

**Special Regulations of Business Regulations and Brokerage Agreement  
Standards Concerning Index Options Contract**  
(as of April 1, 2010)

Tokyo Stock Exchange, Inc.

**CHAPTER 1**  
**General Provisions**

**Rule 1. (Purpose)**

1. These special regulations shall prescribe special rules for the Business Regulations and the Brokerage Agreement Standards with respect to transactions in the index options contract and acceptance of orders therefor (except those based on brokerage of clearing of securities, etc.).
2. Matters that are not prescribed in these regulations shall be subject to the provisions of the applicable Business Regulations and the Brokerage Agreement Standards.

**Rule 2. (Definition of terms pertaining to index options contract)**

1. In these regulations, the term “index options contract” means a contract in which the parties thereto promise that one of the parties grants an index option to the other party and the other party pays the consideration for such option.
2. In these regulations, the term “index options” means a right of the party acquiring the option (see Note 1 below) to effect between the parties thereto, only by unilateral declaration of the intention of the party acquiring the option, a transaction in which the parties pay/receive an amount of money calculated based on the difference between a numerical value of the index set in advance as a contract index in the case such exercise is intended (see Note 2 below) and the actual numerical value of the index at the time of the actual declaration of such intention (see Note 3 below).

(Note 1) Such party means the party who was granted such option in an index options contract; the same shall apply hereinafter.

(Note 2) Such numerical value of the index shall be hereinafter referred to as “exercise price”.

(Note 3) Such actual numerical value of the index shall be hereinafter referred to as “actual index”.

3. In these regulations, the term “exercise” means exercise of index options.

### **Rule 3. (Definition of terms)**

The meanings of terms in these regulations shall be subject to those of the terms pertaining to the method of concluding trading contracts of securities, and shall be subject to the provisions of each rule in addition to the provisions of the following items.

(1) The term “trading day” means the period between the opening time of the evening session on a day (excluding holidays) prescribed in the provisions of Rule 7, Paragraph 1, Item 3 and 4:00 p.m. of the next day (to be moved down if the day falls on a holiday; the same shall apply hereinafter).

(2) The term “sale” means a contract where the party will grant an index option, while the term “purchase” means a contract where the party will acquire an index option.

(3) The term “price” means an amount of consideration to be paid for a sale or purchase of an index option.

(4) The term “price fluctuation range” means the range of price fluctuations.

(5) The term “order” means a declaration of intention concerning the limit of the price that will be executed in an index options contract as enumerated in the following items a. to c.

a. Limit order

An order which specifies a price limit

b. Market order

An order placed during auction hours which does not specify a price limit

c. At-the-opening order

An order placed before the opening of auction trading or before trading resumes after trading of a specified issue has been suspended by the Exchange, which does not specify a price limit. In cases where the transaction is not executed after a price is decided as prescribed in Rule 13, Paragraph 5 (including when applied with the rewording pursuant to Paragraph 6 thereof), the order shall become a limit order that sets the said contract price as the specified limit on price.

(6) The term “offer” means an order pertaining to a sale, and the term “bid” means an order pertaining to a purchase.

## **CHAPTER 2**

### **Special Regulations of Business Regulations**

#### ***Section 1. Subjects of Contract and Contract Month, etc.***

**Rule 4. (Subjects of contract)**

1. The subjects of the index option contract shall be the index options described in each of the following items that pertain to the stock indices prescribed in the following paragraph.

- (1) Index options that can effect a transaction in which the party acquiring the option receives from the other party the amount of money calculated by multiplying the difference between the actual index and the exercise price by the base trading value (multiplier) pertaining to the underlying index when the actual index falls below the exercise price (hereinafter referred to as “index put options.”)
- (2) Index options that can effect a transaction in which the party acquiring the option receives from the other party the amount of money calculated by multiplying the difference between the actual index and the exercise price by the base trading value (multiplier) pertaining to the underlying index when the actual index exceeds the exercise price (hereinafter referred to as “index call options.”)

2. The relevant indices that are referenced in the index option contract shall be the stock indices described in each of the following items.

- (1) The Tokyo Stock Price Index (TOPIX): A composite index of all the domestic common stocks (see Note below) listed on the First Section of the Exchange. This index is computed by the Exchange on the basis of the market capitalization-weighted method. (The same shall apply hereinafter.)

(Note) Such domestic stocks shall exclude non-voting shares (such term as used in Rule 2, Item 87 of the Securities Listing Regulations), shares with fewer voting rights (such term as used in Rule 205, Item 9, Sub-item 2b thereof), and preferred stocks, etc. (such term as used in Rule 2, Item 90 thereof).

- (2) S&P/TOPIX150: A composite index consisting of 150 stocks selected by the Exchange and the Standard & Poor’s, a division of the McGraw-Hill Companies, Inc. (hereinafter referred to as “S&P” in this item), from among those listed on the First Section of the Exchange. This index is computed by the S&P on the basis of the modified market capitalization-weighted method by multiplying market capitalization of each stock by the numerical factor decided for each stock in consideration of the state of its share distribution (the same shall apply hereinafter).

3. The base trading value (multiplier) as prescribed in each of the items of Paragraph 1 shall be determined subject to the provisions of each of the following items.

- (1) Index option pertaining to the Tokyo Stock Price Index (hereinafter referred to as “TOPIX option”): 10,000 yen
- (2) Index option pertaining to the S&P/TOPIX150 (hereinafter referred to as “S&P/TOPIX150 option”): 1,000 yen

4. In relation to index options contracts, the term “issue” (except as used in Paragraph 2) shall mean index put options or index call options for which the same index is designated as the underlying index, and that have the same date of exercise and exercise price.

**Rule 5. (Contract months and number thereof)**

1. Transactions in the index option contracts for index put options or index call options shall be divided, in accordance with the contract month classification for each index designated as the underlying index of the options, into transactions whose last trading day falls on the day (see Note 1 below) immediately preceding the second Friday (see Note 2 below) of each month (see Note 3 below).

(Note 1) Such day shall be moved up if the day falls on a holiday.

(Note 2) Such second Friday shall be moved up if the day falls on a holiday.

(Note 3) Such month shall be hereinafter referred to as “contract month”

2. For the contract months prescribed in the preceding paragraph, with respect to those contract months whose last trading day falls in March, June, September and December (hereinafter referred to as “quarterly contract months”), there shall always be five contract months, and the trading period of each of such contract months shall be one year and three months. In such case, the trading in a new quarterly contract month shall begin at 8:20 a.m. on the day following the last trading day that comes earliest among the last trading days of the five quarterly contract months.

3. For the contract months prescribed in Paragraph 1, with respect to those contract months other than contract months whose last trading day falls in March, June, September and December (hereinafter referred to as “contract months other than quarterly contract months”), there shall always be three contract months, the trading period of each of such contract months shall be either four months or five months. In such case, the trading in a new contract months other than quarterly contract months shall begin at 8:20 a.m. on the day following the last trading day that comes earliest among the last trading days of the three contract months.

4. Notwithstanding the provisions of the preceding three (3) paragraphs, in the case that a new index option for the contract is created or the Exchange deems it necessary, the Exchange may change the number and the trading period of contract months as

well as the last trading day and the initial trading day.

**Rule 6. (Exercise prices and number thereof)**

1. Transactions in the index options contracts for index put options and index call options, shall be divided in accordance with the exercise prices set for each contract month.

2. Exercise prices as prescribed in the preceding paragraph shall be set for each category of index options as prescribed in each of the following items on the initial trading day of the relevant contract month in accordance with the method prescribed therein. However, in cases where the Exchange deems it necessary, the Exchange may change the specific levels of exercise prices and the number that it sets.

(1) TOPIX option

Exercise prices shall be set for each category of contract months as prescribed in the following a. or b. in accordance with the method prescribed therein.

a. Contract months other than quarterly contract months (limited to those with a trading period of five months) and quarterly contract months:

With respect to the numerical value of the Tokyo Stock Price Index in an index options contract, 13 exercise prices shall be set as an integral multiple of 50 points at 50-point intervals as specified by the Exchange.

b. Contract months other than quarterly contract months (limited to those with a trading period of four months):

With respect to the Tokyo Stock Price Index in an index options contract, 19 exercise prices shall be set as an integral multiple of 25 points at 25-point intervals as specified by the Exchange.

(2) S&P/TOPIX150 option

Exercise prices shall be set for each category of contract months as prescribed in the following a. or b. in accordance with the method prescribed therein.

a. Contract months other than quarterly contract months (limited to those with a trading period of five months) and quarterly contract months:

With respect to the numerical value of the S&P/TOPIX150 in an index options contract, 13 exercise prices shall be set as an integral multiple of 50 points at 50-point intervals as specified by the Exchange.

b. Contract months other than quarterly contract months (limited to those with a trading period of four months):

With respect to the numerical value of the S&P/TOPIX150 in an index options contract, 19 exercise prices shall be set as an integral multiple of 25 points at 25-point intervals as specified by the Exchange.

3. For the purpose of setting exercise prices for the contract months as set forth in Item 1, Sub-item (a) and Item 2, Sub-item (a) of the preceding paragraph, with respect to the numerical value of the index in an index options contract, exercise prices shall be set, on the second Friday in the month falling four months before the month to which the last trading day of the relevant contract month pertains, as an integral multiple of 25 points at 25-point intervals so that there will be 19 consecutive exercise prices or more as specified by the Exchange. However, in cases where the Exchange deems it necessary, the Exchange may change the specific levels of exercise prices that it sets and the number thereof.

4. In addition to the provisions of the preceding two paragraphs, the Exchange may set new exercise prices for all or part of contract months as specified by the Exchange.

#### **Rule 6-2 (Strategy Trading)**

A trading participant (see Note 1 below) may conduct the transactions provided in each of the following items (see Note 2 below).

(Note 1) Such trading participant means a General Trading Participant as prescribed in Rule 2, Paragraph 2 of the Trading Participant Regulations or index futures, etc. trading participant as prescribed in Rule 2, Paragraph 4 thereof; the same shall apply hereinafter.

(Note 2) Such transactions shall be hereinafter referred to as “strategy trading”.

(1) A transaction that simultaneously executes sales or purchases for multiple issues of index options with the same underlying index

(2) A transaction which executes sales or purchases for a single or multiple issues of index options to be conducted under the condition of simultaneously executing sales or purchases (see Note 3 below) for index futures transactions which has the same underlying index (see Note 4 below).

(Note 3) Such sales or purchases mean sales or purchases as prescribed in Rule 2, Item 1 of the Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning Index Futures Contract (hereinafter referred to as “Special Regulations Concerning Index Futures”).

(Note 4) Such transactions shall be limited to index futures transactions specified by the Exchange.

2. Combinations of index options sales or purchases executed by strategy sale transactions or strategy purchase transactions are determined by the Exchange by each type of strategy trading specified by the Exchange.

3. When conducting strategy trading, a trading participant shall place a bid/offer

using the value obtained through the strategy trading price calculation method specified by the Exchange (hereinafter referred to as a “strategy price”).

4. When conducting transactions enumerated in Paragraph 1, Item 2, a trading participant must attach the conditions set forth by the Exchange to make bids/offers.

5. Concerning strategy trading, strategy offers refer to offers pertaining to strategy sale transactions, and strategy bids refer to bids pertaining to strategy purchase transactions.

## ***Section 2.***

### ***Trading Sessions and Methods of Execution of Contracts    Trading Sessions***

#### **Rule 7. (Division of trading sessions and trading hours, etc.)**

1. The trading session of the index options contract shall be divided into a morning trading session, an afternoon trading session, and an evening trading session, and the trading hours of each session shall be defined in each of the following items.

- (1) The morning trading session shall be from 9:00 a.m. to 11:00 a.m.
- (2) The afternoon trading session shall be from 12:30 p.m. to 3:10 p.m.
- (3) The evening trading session shall be from 4:30 p.m. to 7:00 p.m.

2. The Exchange may change the trading hours defined in the preceding items on a temporary basis, when it is deemed necessary. In such case, the Exchange shall notify the trading participants of the fact in advance.

3. Neither trading in nor any other operations of the index options contract shall be conducted on a holiday.

#### **Rule 8. (Temporary halt and temporary operation of trading sessions)**

The Exchange may halt or carry out the whole or part of the trading session of the index options contract on a temporary basis, when it is deemed necessary.

#### **Rule 9. (Notification of temporary halt and temporary operation of trading sessions)**

When the Exchange determines the temporary halt or temporary operation of the trading session of the index options contract, it shall notify the trading participants of the fact in advance.

**Rule 10. (Transactions by trading systems)**

Transactions in the index options contract shall be effected by the trading systems.

**Rule 11. (Indication of prices)**

Indication of prices of the index options contract shall be determined subject to the provisions of each of the following items.

- (1) TOPIX option: One point shall be equivalent to 10,000 yen.
- (2) S&P/TOPIX150 option: One point shall be equivalent to 1,000 yen.

**Rule 12. (Priority of orders during auction trading)**

1. The auction trading shall execute transactions in the index options contract.
2. The priority among orders of the index options contract during the auction trading shall be determined as specified in the provisions of each of the following items.
  - (1) The lower offer price shall take priority over other higher offer prices, and the higher bid price shall take priority over other lower bid prices.
  - (2) Where two or more orders are made at the same price, the priority shall be made in accordance with the time when the orders were made; an order made earlier shall take priority over an order made later.
  - (3) A market order shall take priority over other bids and offers in terms of price, and every market order shall receive the same priority.
  - (4) Other than the preceding three (3) items, necessary items relating to the priority of orders shall be set forth by the Exchange.
3. With respect to the application of the provisions of the preceding paragraph pertaining to strategy trading, “price” in the preceding paragraph shall be “strategy price”, “offer” shall be “strategy offer”, and “bid” shall be “strategy bid”.

**Rule 13. (Individual auction trading)**

1. Transactions by the auction trading prescribed in Paragraph 1 of the preceding rule shall be executed on an individual auction basis.
2. Transactions on an individual auction basis in the index options contract shall be carried out by matching each order individually to a contract price in accordance with the priority of orders prescribed in Paragraph 2 of the preceding rule. The contract price shall be determined by a certain price at which the lowest offer and the highest

bid are matched through competitions among sellers or buyers, or between sellers and buyers, except for the cases that determine the contract price set forth in each of the following items.

- (1) Contract price at the beginning of the auction trading;
- (2) Contract price, after the resumption of trading in a particular issue which has been suspended temporarily pursuant to the rules of the Exchange;
- (3) Contract price at the closing of the auction trading; and
- (4) Other than the contract prices specified in each of the preceding items, a contract price where a quote is indicated as specified by the Exchange and a contract price where the Exchange deems it necessary in view of the bids and offers situation.

3. The contract price specified in each item of the preceding paragraph shall be determined by a certain price at which the total amount of offers (see Note 1 below) and the total amount of bids (see Note 2 below) are matched complying with all the conditions and terms prescribed in each of the following items according to each classification, through the competitions among sellers or buyers, or between sellers and buyers. Consequently, transactions shall be carried out by matching each order individually to such price with reference to the priority of orders prescribed in Paragraph 2 of the preceding rule. However, where the average value prescribed in Items 1 and 4 is not an integer multiple of 0.1 point and the said average value is positive, it shall be the highest integer multiple of 0.1 point out of the numerical values lower than the said average price; if the said value is negative, it shall be the lowest integer multiple of 0.1 point out of the numerical values higher than the said average price.

(Note 1) Such offers shall be limited to limit orders; the same shall apply hereinafter in this and the subsequent paragraphs. (Note 2) Such bids shall be limited to limit orders; the same shall apply hereinafter in this and the subsequent paragraphs.

- (1) When all offers and bids are executed:

The average price between the highest offer and the lowest bid

- (2) When all bids are executed, but a portion of offers are not executed:

The highest price of executed offers

- (3) When all offers are executed but a portion of bids are not executed:

The lowest price of executed bids.

- (4) When both unexecuted bids and offers remain:

The average of the prices provided in the following a and b:

- a. The lower price, given the lowest executed bid and the lowest bid that is not executed
  - b. The highest price, given the highest executed offer and the highest bid that is not executed
- (5) When a portion of bids and offers are not executed:  
The average of the prices provided in the following a and b:
- a. The lower price, given the lowest executed bid and the lowest bid that is not executed
  - b. The higher price, given the highest executed offer and the highest bid that is not executed
4. In cases where the contract price is determined pursuant to the provisions of the preceding paragraph and when at-the-opening orders pertaining to sale and purchase are both executed and also a value in any of each of the following items exists, transactions shall be executed by matching each at-the-opening order individually in order of price, with the said value as the contract price. However, if the numerical value enumerated in Item 2 is the price prescribed in Rule 14, Paragraph 5, the said value shall be null, and the transaction shall not be executed.
- (1) The contract price specified in each of the preceding paragraph.
  - (2) Where there is no value for the contract price prescribed in each of the items of the preceding paragraph, the average value of the highest price out of bid prices and the lowest price out of offer prices. However, when the said average value is not a numerical value which is an integer multiple of 0.1 point, if the said average value is positive, it shall be the highest integer multiple of 0.1 point out of the numerical values lower than the said average value; if the said average value is negative, it shall be the lowest integer multiple of 0.1 point out of the numerical values higher than the said average price.
  - (3) Where there is no value enumerated in the preceding two (2) items Price determined by the Exchange.
5. At-the-opening orders that were not executed pursuant to the provisions of the preceding paragraph, after the numerical values of the any item of the preceding paragraph is determined, shall become limit orders that were executed with the said numerical value as the price limit; where there are no numerical values for any item of the preceding paragraph, such orders shall become null and void.

6. With respect to the application of the provisions of Paragraph 2 to the preceding paragraph to strategy trading, “contract price” from the provisions of Paragraph 2 to the preceding paragraph shall be “strategy contract price”; “offer” and “bid” from the provisions of Paragraph 2 to Paragraph 4 shall be “strategy offer” and “strategy bid”, respectively; “price” in the provisions of Paragraph 2, Paragraph 3 and the preceding paragraph shall be “strategy price”; “Paragraph 2 of the preceding rule” in the provisions of Paragraph 2 and Paragraph 3 shall be “Paragraph 2 of the same rule applied after rewording according to the provisions of Paragraph 3 of the preceding rule”; “sale” and “purchase” in Paragraph 4 shall be “strategy sale” and “strategy purchase”, respectively; “Rule 14, Paragraph 5” shall be “Paragraph 5 of the same rule applied after rewording according to the provisions of Rule 14, Paragraph 6”.

7. When strategy trading is executed, the contract price pertaining to the sale or purchase of the index option executed according to the combination shall be determined by the Exchange based on the strategy trading contract price.

**Rule 13-2. (Cancellation of executed transactions)**

1. In cases where the Exchange considers that conducting smooth settlement of executed transactions is extremely difficult due to the placement of an erroneous order, and that such difficulty will disrupt the market significantly, the Exchange may cancel such executed transactions.

2. In cases where the executed transaction records in the trading system of the Exchange have been lost due to natural disasters or other unavoidable reasons and the Exchange considers that the complete recovery of such lost data will be extremely difficult, the Exchange may cancel such executed transactions on a case-by-case basis.

3. When the Exchange cancels the executed transactions in accordance with the provisions of Paragraph 1 or the preceding paragraph, such transactions shall be deemed to be nullified.

4. A trading participant shall not claim compensation for any damage or loss against a trading participant that placed an erroneous order even if such damage or loss is incurred by the cancellation of executed transactions by the Exchange in accordance with the provisions of the above Paragraph 1; provided, however, that this shall not apply if it is deemed that the trading participant placed such an erroneous order intentionally or by gross negligence.<sup>5</sup> A trading participant shall not claim compensation for any damage or loss incurred by the cancellation of executed transactions by the Exchange against the Exchange in accordance with the provisions of the above Paragraph 1 or 2; provided, however, that this shall not apply if it is

deemed that such damage or loss was caused intentionally or by gross negligence on the part of the Exchange.

**Rule 14. (Bids and offers)**

1. A trading participant shall make a bid or offer when it is going to effect a transaction in the index options contract. In this instance, the trading participant must clearly inform the Exchange whether such bid or offer is made for the account of its customer or for its own account.
2. Bids and offers in the index options contract shall be made through input into the trading participant's terminal.
3. The minimum variation of bids and offers in the index options contract shall be 0.1 point for bids and offers not exceeding 20 points and 0.5 points for bids and offers exceeding 20 points.
4. The minimum variation of bids and offers in strategy trading shall be 0.1 point for bids and offers which are -20 points or more, but 20 points or less, and 0.5 points for bids and offers which are less than -20 points, and more than 20 points.
5. No bids and offers shall be made beyond or below the limit of the price fluctuation range prescribed by the Exchange.
6. With respect to the application of the provisions of the preceding paragraph to strategy trading, "price" shall be "strategy price".
7. In addition to those prescribed in these special regulations, matters necessary for bids and offers in the index options contract shall be specified by the Exchange separately.

**Rule 14-2. (Implied-In)**

For strategy trading types specified by the Exchange, the Exchange may handle orders which combine orders for index options contracts eligible for strategy trading as orders which match such strategy trading orders; provided, however, that the same shall not apply in cases where there was a malfunction in trading system operations, or other cases where the Exchange deems it necessary.

**Rule 14-3. (Implied-Out)**

For strategy trading types specified by the Exchange, the Exchange may handle strategy trading orders as orders for index options trading subject to strategy trading according to the order conditions of such strategy trading or such index options contracts eligible for strategy trading; provided, however, that the same shall not apply in cases where there was a malfunction in trading system operations, or other cases where the Exchange deems it necessary.

**Rule 14-4. (Request for Quote)**

1. In cases where a trading participant is going to execute a transaction for index options and the status of orders is not appropriate to execute such transaction, such trading participant may request a quote for such index options be displayed by another trading participant during auction trading (hereinafter referred to as “request for quote”).
2. The Exchange may release notification regarding such quote’s existence.
3. In cases where the Exchange deems a trading participant’s request for quote inappropriate, it may halt the display of such quote..
4. In addition to the preceding three (3) paragraphs, any required matters relating to requests for quotes for index options shall be determined separately by the Exchange.

**Rule 15. (Unit of trading)**

The minimum unit of trading in the index options contract shall be one unit of an index put option or index call option.

**Rule 16. (Public announcement of contract prices)**

The Exchange shall, when a transaction has been executed in the index options contract, publicly announce the contract price (for strategy trading, the contract price of such strategy trading) pursuant to the provisions specified by the Exchange.

**Rule 17. (Reporting and confirmation of transactions)**

1. The Exchange shall, when a transaction has been executed in the index options contract, immediately report the details of the transaction through the trading systems to the trading participant who has conducted sale or purchase.
2. A trading participant shall, when it has received a transaction report with respect to the index options contract through the trading participant’s terminal using the

trading systems, immediately confirm the details of such transaction.

**Rule 17-2. (Temporary suspension of trading)**

In the event that an index futures contract has been temporarily suspended pursuant to Rule 14-2 of the Special Regulations Concerning Index Futures Contract, for the duration of such temporary suspension of such index futures contract, the Exchange shall temporarily suspend trading in the index futures contract and index options contract which have the same underlying index.

**Rule 18. (Suspension of trading)**

The Exchange may suspend the trading in index options contract in the cases prescribed in each of the following items, in accordance with the provisions prescribed by the Exchange.

- (1) When the Exchange deems there is, or is likely to be, abnormality in the situation of trading in the index options contract, or deems it inappropriate to continue the trading operation for the administrative reasons; and
- (2) When the Exchange deems it difficult to continue the trading operation due to the problems of its trading systems.

Section 3 Deleted

Rules 19 through 28 Deleted

***Section 4. Transactions for Error Correction etc.***

**Rule 29. (Transactions for error correction, etc.)**

1. When a trading participant has, due to an error or other circumstances caused by a truly unavoidable reason, failed to execute its customer's order under his/her instruction in the Exchange market, the trading participant may, in accordance with the provisions prescribed by the Exchange and with prior approval from the Exchange, effect a principal sale or purchase pertaining to the said approval as a contra party outside auction trading at a price deemed appropriate by the Exchange.

2. Settlement pertaining to the sale or purchase in the preceding paragraph shall be effected on a day that would have been a settlement day if the customer's order to sell or buy had been executed under the customer's entrustment.

3. With respect to the application of the provisions of the preceding two (2)

paragraphs to strategy trading, “sale” in the preceding two (2) paragraphs shall be “strategy sale transaction” and “purchase” shall be “strategy purchase transaction”; “price” in the preceding Paragraph 1 shall be “strategy price”.

## ***Section 5. Exercise***

### **Rule 30. (Date of exercise)**

1. The date of exercise of the index options contract shall be the day following the day on which the last trading day of each issue ends.
2. Notwithstanding the provisions of the preceding paragraph, in cases where the Exchange deems it necessary, the Exchange may change the date of exercise (meaning the date of exercise as prescribed in the preceding paragraph) of all or part of the issues.
3. When an option in the index options contract is exercised, settlement with respect to the exercise shall be completed on the day following the date of exercise based on the options settlement index price as prescribed in the following rule.

### **Rule 31. (Options settlement index)**

1. The options settlement index price shall be a special index price (see Note 1 below) computed by the Exchange based on the contract price of each component stock of the relevant index which has been fixed at the opening of the trading session on the date of exercise (see Note 2 below). The special settlement index price shall be fixed by the Exchange on the date of exercise for each set of index options referencing the same index; provided, however, that if the trading session has been suspended on the last trading day (see Note 3 below), the Exchange shall fix a final settlement price on a case-by-case basis.

(Note 1) Such special index price shall be hereinafter in this rule referred to as “special settlement index price”.

(Note 2) For the stocks without any contract price fixed on the date of exercise, such contract price shall be determined by the Exchange.

(Note 3) Such cases include the cases where the trading session has been suspended pursuant to the provisions of Rule 29, Item 3 or 4 of the Business Regulations.

2. Notwithstanding the provisions of the preceding paragraph, the Exchange may, in the event that any error has been found in the special settlement index price on or before the day immediately preceding the date of settlement with respect to exercise, replace it with a re-computed special settlement index price as the options settlement

index price.

3. A trading participant shall not claim compensation against the Exchange and/or the index calculator for any damage or loss incurred due to any failure, delay, or error of the calculation or dissemination of the stock price index, or alteration of the options settlement index price pursuant to the provisions prescribed in the preceding paragraph, against the Exchange and/or the index calculator (see Note 4 below).

(Note 4) Such index calculators include a person or an entity that has been entrusted by such calculator with the operation pertaining to calculation of the stock price index.

**Rule 32. (Suspension of exercise)**

The Exchange may suspend exercise of index options with respect to all or part of the issues, in the event that trading in the index options contract is suspended or in cases where the Exchange deems it inappropriate to allow such exercise for the purpose of administration of transactions.

**Rule 33. (Expiration of index options)**

An index put option or index call option shall expire at the time determined by the Exchange if no notice of exercise of such option has been given on the date of exercise.

**Section 6. Give-Up**

**Rule 34. (Give-up)**

1. A trading participant may conduct the give-up with respect to the transactions in the index options contract (see Note 1 below) in accordance with the provisions of this section.

(Note 1) Such index options contract includes the transactions for the correction of errors, excluding the new transactions resulted from the give-up; the same shall apply hereinafter in this section.

2. “Give-up” means that a trading participant makes a sale or purchase transaction in the index options contract to be extinguished, and at the same time, a new sale or purchase transaction is created under the conditions identical to those of the give-up transaction and taken up by another trading participant under its name; provided, however, that if another trading participant is a “non-clearing participant” (see Note 2 below), such give-up transaction will be taken up by a “designated clearing

participant” (see Note 3 below).

(Note 2) Such non-clearing participant means a non-clearing participant prescribed in the provisions of Rule 24-2, Paragraph 5 of the Trading Participant Regulations; the same shall apply hereinafter.

(Note 3) Such designated clearing participant means a designated clearing participant selected and designated by a non-clearing participant for its own account in accordance with the provisions of Rule 24-4, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter.

3. An “executing trading participant” means a trading participant who effects a sale or purchase transaction in the index options contract that is to be extinguished as a result of the completion of the give-up.

4. An “clearing trading participant” means another trading participant or a designated clearing participant designated by such another trading participant for its own account who takes up the newly created sale or purchase transaction in the index options contract as a result of the completion of the give-up.

5. In addition to those prescribed in these special regulations, matters necessary for the give-up shall be specified by the Exchange separately.

#### **Rule 35. (Give-up notification)**

1. When an executing trading participant intends to give up its sale or purchase transaction in the index options contract, it shall notify the Exchange of its intension of give-up, as well as the details of the transaction to be given up, the name of the clearing trading participant involved in such give-up, and other information specified by the Exchange by the time determined by the Exchange.

2. Upon receipt of the give-up notification from the executing trading participant in accordance with the provisions of the preceding paragraph, the Exchange shall immediately notify the relevant clearing trading participant of the fact.

#### **Rule 36. (Take-up notification)**

1. When a clearing trading participant receives the give-up notification from the Exchange in accordance with the provisions of Paragraph 2 of the preceding rule, it shall notify the Exchange of matters relevant to the give-up prescribed in each of the following items by the time determined by the Exchange.

(1) Notification of approval, if the clearing trading participant accepts the give-up.

(2) Notification of rejection, if the clearing trading participant does not accept the give-up.

2. If the Exchange does not receive any notification from the clearing trading participant in accordance with the provisions of the preceding paragraph by the time prescribed in the same paragraph, it shall be deemed that the Exchange has received the notification prescribed in Item 2 of the same paragraph.

3. When the Exchange receives the notification in accordance with the provisions of Paragraph 1 (see Note 1 below), the Exchange shall immediately notify the executing trading participant relevant to the give-up of the fact.

(Note 1) Such case includes the case where the clearing trading participant is deemed to receive the notification enumerated in Paragraph 1, Item 2 in accordance with the provisions of the preceding paragraph.

**Rule 37. (Completion of give-up)**

When the Exchange receives the notification prescribed in the Item 1 of the Paragraph 1 of the preceding rule, the give-up shall be completed.

Sections 7 through 9 Deleted

Rules 38 through 44 Deleted

**Section 10. Miscellaneous Provisions**

**Rule 45. (Reporting to customers concerning index options contracts)**

1. A trading participant shall every month send to its customer who has an unsettled index options contract (see Note 1 below) on his/her account a report concerning such index options contract; provided, however, that the same shall not apply in such case where a customer is a financial instruments firm as a member of the Japan Securities Dealers Association.

(Note 1) Such index options contract includes a transaction for correcting errors.

2. The report prescribed in the provisions of the preceding paragraph shall state the underlying index, the classification of an index put option or call option, the contract month, the exercise price, the classification of a sale or purchase, the amount of contract, the contract price, the execution date (see Note 2 below), the last trading day (see Note 3 below), and the date of exercise of the contract month.

(Note 2) Such execution date means the ending day of the trading day on which contract was executed.

(Note 3) Such last trading day means the day on which the contract month ends.

3. A trading participant may, instead of sending a report pursuant to the provisions of Paragraph 1, provide its customer with the matters that must be included in the report through the electromagnetic means (see Note 1 below). It is required to explain the use of such electromagnetic means including its type and details to the customer in advance and obtain the customer's approval in writing or through the electromagnetic means. In this instance, it shall be considered that the trading participant has sent the report.

(Note 1) Such "electromagnetic means" is the use of electronic information processing facilities or any other communications technologies and is the same means prescribed in Article 56 of the Cabinet Office Ordinance on the Financial Instruments Business (Cabinet Office Ordinance No. 52 in 2007). Except for Paragraph 1, Item 1, Sub-item (d), Paragraph 2, Item 3, Sub-item (b) and Item 4, the term "the transaction described has been executed at the last stage" in Item 3 of the same paragraph shall be "the transaction described has been recorded". The same shall apply hereinafter in this paragraph and the next paragraph.

4. The trading participant who obtained an approval in accordance with the provisions of the preceding paragraph shall not provide the customer with the matters that must be included in the report through the electromagnetic means, if the customer has instructed in writing or through the electromagnetic means not to send such information using any electromagnetic means; provided, however, that the same shall not apply if the customer gives another approval in accordance with the provisions of the preceding paragraph.

**Rule 46. (Assignment of exercise and notification thereof to customer)**

1. In cases where a trading participant receives notice, pursuant to the business rules adopted by the Japan Securities Clearing Corporation, concerning the assignment of exercise with respect to a position (see Note 1 below) based on the order entrusted from a customer, the trading participant shall assign the exercise to the customer immediately in accordance with a method determined in advance.

(Note 1) Such position means the amount pertaining to a contract for which the settlement with respect to exercise of each issue has not been completed (hereinafter referred to as "unsettled contract"); the same shall apply hereinafter.

2. In the case of the assignment specified in the preceding paragraph, the trading participant shall notify the customer promptly of the issue and the amount pertaining to the assignment.

**Rule 47. (Regulatory actions concerning trading in index options contract in the Exchange market or acceptance of customer's orders therefor)**

In the event that the Exchange deems that the trading in the index options contract in the Exchange market is, or is likely to be, in an unusual situation, the Exchange may take any necessary action(s) of the regulatory actions prescribed by the Exchange in its order rules, with respect to the trading in the index options contract in the Exchange market or acceptance of customers' orders therefor.

Rules 48 and 49. Deleted

**Rule 50. (Methods of trading etc. in index options contract in the Exchange market, etc.)**

1. A trading participant shall effect the trading in the index options contract in the Exchange market by using the trading participant's terminals or otherwise deemed appropriate by the Exchange.

2. Trading participants must comply with the interface specifications and other matters specified by the Exchange with regard to the connections between trading participants' terminals and the trading systems

3. A trading participant shall report matters with respect to its terminals to the Exchange as specified by the Exchange as well as cooperate with the Exchange to ensure and maintain the stability of the trading systems.

4. The person responsible for the trading operations in the index futures contract, etc. as prescribed in Rule 41, Paragraph 3 of Special Regulations Concerning Index Futures Contract shall also supervise trading operations in the index options contract and handle other matters relevant thereto; provided, however, that if the Exchange determines that an additional responsible person is required to handle the specific part of the trading operations in the index futures contract, a trading participant shall appoint a responsible person who carries such specific part of operations on behalf of the person responsible for the trading operations in the index futures contract, etc. and file with the Exchange to the fact in advance of his/her assuming the position.

Rules 51 and 52 Deleted

**Rule 53. (Emergency measures in case of trouble in operation of trading systems)**

1. In the event that any troubles in operation of the trading systems take place, and

if the Exchange deems it necessary, the trading in the index options contract may be effected temporarily by other means than the trading systems.

2. A trading participant that finds it difficult to make bids and offers due to any troubles in operation of the trading systems or other unavoidable circumstances (see Note 1 below) may make bids and offers through other trading participant(s) (see Note 2 below) with a prior approval of such other trading participant(s) and the Exchange. In this instance, when a transaction in the index options contract has been executed at said bid or offer, such trading participant in system troubles and such acting trading participant(s) shall notify the Exchange of details of this transaction as specified by the Exchange.

(Note 1) Such trading participant shall be hereinafter referred to as “trading participant in system troubles”.

(Note 2) Such other trading participant(s) shall be hereinafter referred to as “acting trading participant(s)”.

3. Matters necessary for the trading in the index options contract pursuant to the provisions of the preceding two (2) paragraphs shall be determined by the Exchange on a case-by-case basis.

Rule 54. Deleted

#### **Rule 55. (Rewording of Business Regulations)**

In applying the provisions of Rules 74 through 76, and Rule 77-2 of the Business Regulations to the index options contract, the term “... of the daily total trading volume etc. in the Exchange market” in Rules 74 shall be read “... of the aggregate trading volume etc. on every trading day in the Exchange market”; the term “... the daily total turnover, etc. in the Exchange market” in Rule 75 shall be read “... of the market trading volume data etc. on every trading day of the Exchange market”; and the term “trading participants” in Rules 76 and 77-2 shall be read “trading participants (see Note below).”

(Note) Such trading participants mean a General Trading Participant prescribed in Rule 2, Paragraph 2 of the Trading Participant Regulations or an Index Futures, etc. Trading Participant prescribed in Paragraph 4 of the same rule.

### **CHAPTER 3**

#### **Special Regulations of Brokerage Agreement Standards**

##### ***Section 1. Order Acceptance for Index Options Contract***

**Rule 56. (Submission of agreement for establishment of Futures/Options Trading Account)**

1. A customer who wishes to entrust a transaction in the index options contract to a trading participant shall establish a Futures/Options Trading Account with such trading participant.

2. Notwithstanding the provisions of the preceding paragraph, in the case of a transaction in the index options contract pertaining to the give-up, a customer who wishes to entrust such transaction to an executing trading participant shall establish a Futures/Options Trading Account with the executing trading participant, and a customer who wishes to entrust such transaction to a clearing trading participant shall establish such account with the clearing trading participant, respectively.

3. A customer who wishes to establish a Futures/Options Trading Account shall file an application therefor with a trading participant and obtain its approval.

4. A customer who has obtained an approval of the trading participant with respect to the application mentioned in the preceding paragraph shall fill in the necessary items of the Agreement for Establishment of Futures/Options Trading Account on the form predetermined by the Exchange, affix his/her signature or put his/her seal on it, and submit it to the trading participant.

5. A customer may, instead of the submission of the agreement form prescribed in the preceding paragraph, notify the trading participant of the acceptance of the agreement through the electromagnetic means, if the trading participant explains the customer the type and details of such electromagnetic means (see Note 1 below) and the customer accepts the use of such electromagnetic means and gives its approval to the trading participant in writing or through the electromagnetic means. In this instance, it shall be considered that the customer has submitted the agreement form to the trading participant.

(Note 1) Such electromagnetic means shall be the use of electronic information processing facilities or any other communications technologies as prescribed in Article 57-3 of the Cabinet Office Ordinance on the Financial Instruments Business; the same shall apply hereinafter.

6. A trading participant who obtained the customer's approval in writing or through the electromagnetic means prescribed in the preceding paragraph may not accept the notification of the acceptance of the agreement prescribed in the preceding paragraph through the electromagnetic means, if the customer has notified in writing or through the electromagnetic means that it will not use the electromagnetic means; provided,

however, that the same shall not apply in the case the customer gives another approval with respect to the use of electromagnetic means.

**Rule 56-2. (Conclusion of give-up agreement)**

1. In the event that a customer wishes to entrust a transaction in the index options contract pertaining to the give-up, the customer shall conclude the give-up agreement with the executing trading participant and the clearing trading participant.

2. The matters prescribed in the following items shall be agreed to in the give-up agreement enumerated in the preceding paragraph.

(1) Fees for the give-up transaction, the payee, and the method of payment.

(2) Handling of cases when the give-up fails to be executed

3. Notwithstanding the provisions of Paragraph 1, when a customer wishes to entrust a transaction in the index options contract pertaining to the give-up and the customer is an applicant's agent (see Note 1 below), the give-up agreement shall be finalized among the customer, the applicant who applies for the entrustment to the agent, and the clearing trading participant involved in the give-up in accordance with the agreement prescribed in the preceding two paragraphs .

(Note 1) Such agent means that the customer who entrusts the give-up transaction to the executing trading participant is an agent such as a financial instrument firm or a foreign securities company, and the entrustment of the give-up transaction was made through the agent by the applicant; the same shall apply in the following paragraph.

4. Notwithstanding Paragraph 1 and the preceding paragraph, when a customer of the executing trading participant wishes to entrust a transaction in the index options contract pertaining to the give-up and a customer of the clearing trading participant is a clearing agent (see Note 2 below), the give-up agreement shall be finalized among the customer of the clearing trading participant, the executing trading participant (see Note 3 below), and the customer of the executing trading participant in accordance with the agreement prescribed in Paragraphs 1 and 2.

(Note 2) Such clearing agent means that the customer who entrusts the clearing of the give-up transaction to the clearing trading participant is an agent such as a financial instrument firm or a foreign securities company, and the entrustment of clearing the give-up transaction was made through the agent by the applicant; the same shall apply hereinafter.

(Note 3) Such executing trading participant shall be the applicant, if the applicant applies for entrustment of the give-up transaction to an agent, that is, the customer of the executing trading participant.

5. Upon conclusion of the give-up agreement in accordance with the provisions of

Paragraphs 1, 3 or 4, the executing trading participant or the clearing trading participant shall be entitled to the entrustment of the transaction in the index options contract pertaining to the give-up.

**Rule 56-3. (Delivery of disclosure material to U.S. customers, etc.)**

1. A trading participant intending to accept orders in the index options contract from a customer residing in the United States of America shall deliver in advance to such customer a document as predetermined by the Exchange describing certain matters deemed necessary by the Exchange concerning the index options contract, including but not limited to, characteristics of the contract and contract specification.

2. In the case described in the preceding paragraph, such trading participant shall receive in advance from such customer a confirmation document as predetermined by the Exchange describing certain matters deemed necessary by the Exchange.

**Rule 57. (Notification matters by customers)**

In the event that a customer entrusts a transaction in the index options contract, the customer shall make prior notification concerning matters enumerated in the following items to its trading participant.

- (1) Personal or business name;
- (2) Address or office location;
- (3) Name of the place designated to receive communications, if such place has been designated; and
- (4) In the case that an agent has been appointed, the personal or business name and the address or office location thereof and powers assigned thereto.

**Rule 58. (Instructions at the time of entrustment)**

1. Every time a customer entrusts a sale or purchase of an index put option or index call option, the customer shall give the instructions prescribed in each of the following items to its trading participant:

- (1) Underlying index
- (2) Classification of the transaction pertains to an index put option or index call option;
- (3) Contract month;
- (4) Exercise price;
- (5) Whether it is a sale or purchase to initiate a new position, or a sale for offset (see Note 1 below) or purchase for offset (see Note 2 below);  
(Note 1) Such sale for offset means a transaction that offsets a long position

(meaning the position for each issue constituting an amount pertaining to a purchase contract); the same shall apply hereinafter.

(Note 2) Such purchase for offset means a transaction that offsets a short position (meaning the position for each issue constituting an amount pertaining to a sale contract); the same shall apply hereinafter.

- (6) When conducting strategy trading, such fact;
- (7) Contract amount;
- (8) Price limit (in strategy trading, the strategy price limit);
- (9) Type of orders;
- (10) When conditions are attached to an order, such conditions;
- (11) Trading session; and
- (12) Effective period of an entrusted order.

2. Notwithstanding the provisions of the preceding paragraph, a customer may not need to give the instruction prescribed in Item 5 of the same paragraph, if its trading participant agreed to effect transactions in accordance with the procedures instructed by the customer in advance. In this instance, the trading participant shall effect transactions in accordance with the procedures instructed by the customer pertaining to the relevant matters.

3. Notwithstanding the provisions prescribed in Paragraph 1, a customer may, with the prior consent of its trading participant, give the instruction prescribed in Item 5 of the same paragraph by the time designated by its trading participant but not later than the ending time of 4:30 p.m. of the trading day on which the contract was executed. In this instance, if the customer fails to give any instruction pertaining to the relevant matters by the time designated by its trading participant, it shall be deemed that the customer has given an instruction for a new sale or purchase order.

**Rule 58-2. (Instructions at the time of entrustment relevant to give-up, etc.)**

1. Notwithstanding the provisions of the preceding rule, every time a customer entrusts a transaction in the index options contract pertaining to the give-up, the customer shall give the instructions prescribed in each of the following items in addition to the instructions prescribed in each item (except Item 5) of Paragraph 1 of the same rule to its executing trading participant.

- (1) The transaction in the index options contract pertains to the give-up;
- (2) Name of the clearing trading participant involved in the give-up; and
- (3) Matters required for the clearing trading participant to confirm which customer will take up a new transaction of sale or purchase as a result of the completion of the give-up.

2. Notwithstanding the provisions prescribed in the preceding paragraph, a customer may, with the prior consent of its executing trading participant, give the instruction enumerated in each item of the same paragraph by the time designated by its executing trading participant but not later than the ending time of 4:00 p.m. of the trading day on which the contract pertaining to the give-up was executed.

**Rule 58-3. (Effectiveness of entrusted orders at resumption of suspended trading)**

An entrusted order shall remain effective during the effective period instructed by the customer in accordance with the provisions prescribed in Rules 58 and the preceding paragraph, even if the Exchange has suspended trading in the index options contract; provided, however, that the same shall not apply when the customer has given an instruction that such order should lose effectiveness in the case of suspension of trading.

**Rule 58-4. (Effectiveness of entrustment at the completion of give-up)**

In the event that the give-up of the sale or purchase transaction in the index options contract has finalized, the entrustment agreement between the customer and the executing trading participant pertaining to such transaction shall be terminated. At the same time, a new entrustment agreement for the settlement shall come into force between the customer and the clearing trading participant pertaining to a new sale or purchase transaction in the index options contract as a result of the completion of the give-up.

**Rule 58-5. (Instructions on sale or purchase for offset at the completion of give-up)**

1. Notwithstanding the provisions prescribed in Rule 58, in the event that the give-up of the sale or purchase transaction in the index options contract has finalized, the relevant customer may give an instruction prescribed in Paragraph 1, Item 5 of the same rule pertaining to a new sale or purchase transaction as a result of the completion of the give-up to the relevant clearing trading participant. This instruction should be given by the time designated by the clearing trading participant but not later than the ending time of 4:30 p.m. of the trading day on which the contract pertaining to the give-up was executed. In this instance, if the customer fails to give any instruction pertaining to the relevant matters by the designated time, it shall be deemed that the customer has given an instruction for a new sale or purchase order.

2. The provisions in Rule 58, Paragraph 2 shall be applied mutatis mutandis to the instructions enumerated in Paragraph 1, Item 5 of the same rule pertaining to the new transaction in the index options contract as a result of the completion of the give-up.

**Section 2. Margin etc.**

**Rule 59. (Margin)**

Matters with respect to margin shall be subject to the Rules on Margin and Transfer of Unsettled Contracts Pertaining to Futures/Option Contract prescribed by the Exchange (hereinafter referred to as “Margin Rules”).

Rules 60 through 65 Deleted

**Section 3. Exercise by Customers**

**Rule 66. (Instructions at the time of exercise)**

1. Every time a customer entrusts an exercise in the index options contract, the customer shall give the instructions on the amount pertaining the exercise for each issue (excluding those that meet any of the conditions described in each of the following items) to its trading participant by 4:00 p.m. of the date of exercise.

- (1) An index put option whose exercise price is not higher than the options settlement index price; and
- (2) An index call option whose exercise price is not lower than the options settlement index price.

2. With respect to issues falling under the cases specified in each of the following items as of the date of exercise, it shall be deemed that the instructions prescribed in the preceding paragraph were given on that day even if such instructions were not given by the time prescribed in the same paragraph; provided, however, that the same shall not apply when the customer has given an instruction that he/she will not exercise the option pertaining to such issue by the said deadline.

- (1) An index put option whose exercise price is higher than the options settlement index price; and
- (2) An index call option whose exercise price is lower than the options settlement index price; and

**Section 4. Settlement by Customers**

**Rule 67. (Money to be paid/received for settlement)**

The amount of money to be paid/received between a customer and a trading participant for settlement of an index options contract shall be the trading price due in the case that a sale or purchase based on the order accepted from the customer has been executed and/or the

amount equivalent to the difference between the exercise price and options settlement index price due in the case of the settlement with respect to exercise based on the entrustment by the customer.

**Rule 68. (Deadline for settlement by customer)**

With respect to the settlement described in the preceding paragraph, a customer shall pay to the trading participant the trading price pertaining to such purchase and/or the amount due as a result of the assignment of exercise by the time and date designated by the trading participant but not later than the day following the ending day of the trading day on which the purchase transaction was executed or the date of exercise; provided, however, that if the customer is a “non-resident” (see Note 1 below), the payment shall be made by the time and date designated by the trading participant but not later than the second day (see Note 2 below) after the ending day of the trading day or the date of exercise.

(Note 1) Such non-resident means a non-resident prescribed in Article 6, Paragraph 1, Item 6 of the Foreign Exchange and Foreign Trade Law under the Law No. 228 in 1949.

(Note 2) Holidays shall be excluded.

**Rule 68-2. (Appropriation of margin to payment for settlement)**

With respect to the trading price and/or the amount of money to be paid by the customer to the trading participant pursuant to the provisions of the preceding rule, a trading participant may appropriate for the settlement the amount of money deposited therewith by a customer as of the day on which the customer should make such payment or the amount of money equivalent to the customer’s unrealized gain prescribed in the Margin Rules.

**Rule 69. (Regulatory action in case of customer’s settlement failure)**

1. In the event that a customer fails to pay for or deposit the margin required, fails to pay any amount of money payable to a trading participant, or fails to pay the trading price pertaining to a purchase transaction with respect to an index options contract by the time of a predetermined deadline, the trading participant may, at its discretion, effect a sale or purchase transaction for offset or exercise the option (including the entrustment of such transaction), for the customer’s own account, to complete the settlement of such index options contract.

2. In the event that a trading participant has incurred a loss due to the customer’s failure described in the preceding paragraph, the trading participant may appropriate the money or securities recorded in an account based on the Act on Book-Entry Transfer of Company Bonds, Shares, etc. (Act No.75 of 2001) held by the trading participant on behalf of such customer as compensation for such loss; if any deficit

still remains, the trading participant may claim the payment for such deficit from the customer.

***Section 5. Transfer of Unsettled Contracts, etc.***

**Rule 69-2. (Handling of unsettled contracts based on customer's entrustment, etc.)**

Matters concerning transfer of unsettled contracts based on customer's entrustment, etc. shall be subject to the Margin Rules.

***Section 6. Miscellaneous Provisions***

**Rule 70. (Payment and receipt of money in foreign currency)**

Payment and receipt of money between a customer and a trading participant with respect to the index options contract may be made in foreign currency designated by the customer, if the trading participant has agreed thereto.

**Rule 70-2. (Effectiveness of cancellation of transaction, etc.)**

1. In the event that the Exchange has canceled the transaction, rights and obligations between the customer and the trading participant pertaining to such transaction shall be nullified.

2. A customer shall not claim compensation against a trading participant that placed an erroneous order for any damage or loss even if it is incurred by the cancellation of executed transactions by the Exchange; provided, however, that the same shall not apply if it is deemed that the trading participant placed such an erroneous order intentionally or by gross negligence.

3. A customer shall not claim compensation against the Exchange for any damage or loss incurred by the cancellation of transaction by the Exchange; provided, however, that the same shall not apply if it is deemed that such damage or loss was caused by the Exchange intentionally or by gross negligence of the Exchange.

**Rule 71. (Rewording of Brokerage Agreement Standards)**

In applying the provisions prescribed in Rule 2 of the Brokerage Agreement Standards to the index options contract, the term "trading participant (see Note 1 below)" in the same

rule shall be “trading participant (see Note 2 below.”

(Note 1) Such trading participant means a General Trading Participant of the Exchange; the same shall apply hereinafter.

(Note 2) Such trading participant means a General Trading Participant or an Index Futures, etc. Trading Participant of the Exchange.

## **CHAPTER 4**

### **Miscellaneous Provisions**

#### **Rule 72. (Application to brokerage for clearing of securities, etc.)**

The provisions of Chapter 2 (except Section 5) shall be applied to the brokerage for clearing of securities, etc., pertaining to transactions in the index options contract by regarding a trading participant that entrusts the brokerage for clearing of securities, etc., as an entity that effects such transactions in the index options contract.